

## **MINUTES**

### **Colorado Springs Utilities Board Meeting Wednesday, August 16, 2023**

**Utilities Board members present via Microsoft Teams or Blue River Conference Room:**

Chair Dave Donelson, Vice Chair Yolanda Avila, Mike O'Malley, Randy Helms, Nancy Henjum, Lynette Crow-Iverson, David Leinweber, Brian Risley and Michelle Talarico

**Staff members present via Microsoft Teams or Blue River Conference Room:**

Travas Deal, Renee Adams, Somer Mese, Mike Francolino, Tristan Gearhart, Lisa Barbato, John Hunter, Scott Shirola, Natalie Watts and Erin Duran

**City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room:** Alex Ryden, Renee Congdon, Jamie Fabos, Chris Bidlack and Jackie Rowland

**Citizens present via Microsoft Teams or Blue River Conference Room:** Larry Barrett, Gary Burghart, Scott Smith, Kyle Parks, Thad Zylka and Amanda Calamari

#### **1. Call to Order**

Chair Donelson called the Utilities Board meeting to order at 1:01 p.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

#### **2. Invocation and Pledge of Allegiance**

Pastor Raymond Pettitt from Outside the Gates Worship Center delivered the invocation and Ms. Amanda Calamari led the Pledge of Allegiance.

#### **3. Consent Calendar**

##### **3a. Approval of Utilities Board Meeting Minutes: June 21, 2023**

Utilities Board Member Crow-Iverson moved approval of the Consent Calendar and Board Member Helms seconded the motion. The Consent Calendar was unanimously approved.

#### **4. Recognition**

- Water Conservation Team Awards: 2023 American Planning Association (APA) & 2023 Alliance for Water Efficiency (AWE)

Chair Donelson said this item will be moved and discussed at the September Utilities Board meeting. He said Springs Utilities' City partners that were integral to the project

are unable to attend this month and the organization wants to recognize everyone that was a part of this project.

- **National Preparedness Month**

Ms. Somer Mese, Chief Operations Officer, said National Preparedness Month is an observance each September to raise awareness about the importance of preparing for disasters and emergencies that could happen at any time. She said sponsored by FEMA's National Ready Campaign, the 2023 National Preparedness Month theme is focusing on preparing older adults for disaster, specifically older adults from communities that are disproportionately impacted by the all-hazard events, which continue to threaten the nation.

Ms. Mese said throughout the month of September, Colorado Springs Utilities will promote preparedness through participation in the Ready Campaign's social media campaign. She said in advance of National Preparedness Month, Springs Utilities will hold Emergency Preparedness Week, the fourth week in August each year. The week will focus on employee training, exercises, and other related preparedness efforts. The second Colorado Springs Utilities' Emergency Preparedness week will be take place Aug. 21 through Aug. 25, 2023.

## **5. Customer Comments**

Mr. Kyle Parks provided an update from CISA (Cybersecurity and Infrastructure Security Agency). He said they are looking at critical infrastructure piping.

Mr. Thad Zylka expressed concerns about the Wilson water tank tower near his backyard and the approval process for projects like this.

Chair Donelson said public comment for the Wilson tank has been extended by two weeks by the City Planning department, and comment can be made there.

## **6. Compliance Reports**

- I-2 Financial Condition and Activities (to include contracts over \$500K) G-7 – Q2
- I-4 Risk Management (Semi-annual)
- I-8 Asset Protection (Semi-annual)
- I-14 Enterprise Innovation (Annual)
- E-2 CEO Responsibilities
  - ECA/GCA Monitoring
  - Water Outlook

Ms. Katie Garrett, Engineer III – Water Conveyance, discussed local weather conditions as of Aug. 15, 2023 and said in July at the Colorado Springs Airport, there were 2.86 inches of precipitation, which was 92% of normal. The average temperature was 72.6 degrees, which was 0.1 degrees above normal. She said as of Aug. 15 there

were 1.70 inches of precipitation, which was 102% of normal for the month. The average temperature was 70.1 degrees, which was 0.1 degrees below normal. The 2023 year-to-date precipitation through August 15 was 21.8 inches, or 183% of normal.

Ms. Garrett said the U.S. Drought Monitor shows pockets of moderate to severe drought conditions in the western U.S., with extreme drought concentrated in the Midwest and south-central parts of the country. Ms. Garrett said water demand in July averaged 83.5 million gallons per day, which was 7.2% less than July 2022 – and water demand in August through the 15<sup>th</sup> of the month averaged 80.9 million gallons per day, which was 15% less than this time last year.

Ms. Garrett said total water use was about 2.6 billion gallons in July 2023, and Colorado Springs' system wide storage as of Aug. 15 is about 237,500 acre-feet, or 91.6% of capacity. This is above the shorter-term (2001-2022) average of 75.6% for this time of year.

Chair Donelson said this will be the last formal water outlook update at a Utilities Board meeting until April 2024.

#### **7. Items Called Off Consent Calendar**

There were none.

#### **8. Appointment of Scott Smith as Regular Member of the Utilities Policy Advisory Committee (UPAC)**

Chair Donelson said UPAC has two non-voting alternate positions in the event that a regular member resigns or is term limited. He said that given that this is the first time many new Utilities Board members have seen a UPAC appointment it was added to the regular portion of the agenda to explain the process. Otherwise, it typically appears on consent.

Chair Donelson said Mr. Scott Smith has been an alternate member of UPAC since December 2022 and, in accordance with the Excellence Policy in Governance Manual, Utilities Board Authority 2, the Utilities Board has the authority to appoint all members of the Utilities Policy Advisory Committee.

Utilities Board Member Henjum moved approval of Mr. Smith's UPAC appointment and Board Member Leinweber seconded the motion. The appointment of Scott Smith as Regular Member of the Utilities Policy Advisory Committee (UPAC) was unanimously approved.

Board Member Risley expressed support and appreciation for Mr. Smith and Mr. Smith shared appreciation for the opportunity and support.

**9. Appointment of David Watson as an alternate member of the Utilities Policy Advisory Committee (UPAC)**

Chair Donelson said on Aug. 1, 2023, he, Vice Chair Avila, UPAC Chair Larry Barrett and Vice Chair Hilary Dussing conducted UPAC interviews and unanimously agreed to appoint Mr. Watson based on his resume, skills and abilities. Mr. Watson will fill the alternate seat now vacated by Mr. Smith who just became a regular member.

Utilities Board Member Helms moved approval of Mr. Watson's UPAC appointment and Vice Chair Avila seconded the motion. The appointment of David Watson as an alternate member of the Utilities Policy Advisory Committee (UPAC) was unanimously approved.

**10. 2024 Preliminary Budget and Rate Case**

Board Member and Finance Committee Chair Henjum provided updates from the August Finance Committee meeting and summarized the efforts of staff to create the 2024 preliminary budget and rate case.

Mr. John Hunter, Financial Planning and Risk Manager, highlighted changes of the budget summary from the previous proposed 2024 budget. He gave an overview of the proposed 2024 budget consisting of financial metrics, rate adjustments and proposed expenditures – all of which are responsibly balanced:

- Financial metrics
- Rate adjustments
- Proposed expenditures

Mr. Hunter explained the 2024 funding appropriations and reviewed the proposed 2024 budget summary by line item, including:

- Capital projects (28.8% of proposed appropriation)
- Operations & Maintenance (O&M) – Non-Fuel (26.9% of proposed appropriation)
- Debt Service (14% of appropriation)
- Total Labor and Benefits (including O&M and Capital)
- Regular Base Pay (including O&M and Capital)

Mr. Hunter reviewed the 10-year forecast as well as the 2024 service-level summary and corresponding financial metrics for electric, gas, water, wastewater, streetlighting and inter-service eliminations.

Mr. Scott Shirola, Pricing and Rates Manager, provided an overview of the annual review and approval process for the rate case, and he said the 2024 rate case filing is based on 2024 sources and uses budget ordinances. He explained that the rate case filing includes proposed changes to:

- Electric, natural gas, and certain water rate tables
- Electric and natural gas tariff provisions
- Utilities Rules and Regulations (URR)

Mr. Shirola said the effective date of proposed changes is Jan. 1, 2024 and the 2024 rate case filing will contain the comprehensive proposed changes: reports, resolutions, tariffs, cost of service studies and other supporting materials. He reviewed the natural gas cost of service and rate design summary, and additional natural gas rate changes.

Additionally, he reviewed the Clean Heat Plan Law which requires gas utilities to adopt programs to reduce greenhouse gas emissions.

- 4% carbon emission reduction by 2025 with 2% cost cap
- 2024 cost cap: \$2.7 million
- 22% carbon emission reduction by 2030 with 2.5% cost cap

Mr. Shirola said the Colorado Clean Heat Plan charge proposes a new bill component to transparently recover cost of complying with Clean Heat Plan Requirements. He said revenue will be used to fund energy efficiency programs that help reduce greenhouse gas emissions. Programs include customer rebates for:

- Energy efficient water heaters and furnaces
- Insulation
- Heat pumps

Mr. Shirola highlighted a residential sample total service bill, and other tariff changes for electric and water. He concluded with next steps for the 2024 proposed utilities preliminary budget and rate case.

The Utilities Board gave a head nod for this item to go on consent at the Sep. 12 City Council meeting.

Mr. Gearhart acknowledged staff and City employees for their hard work on the 2024 budget and rate case and expressed appreciation for Utilities Board Member involvement throughout the process.

## **11. Board Member Updates**

Mr. Travas Deal, Chief Executive Officer, announced that this would be the last meeting for Ms. Andie Buhl, Utilities Board Administrator, as she has been promoted. He thanked her for supporting the Utilities Board for the last four years. Board Members also congratulated and thanked her.

Board Member Helms provided the following updates from the August Personnel Committee:

- The committee heard a very informative presentation from the compensation team on 2023-2024 labor and benefits and learned how the 2024 labor budget planning is done and what the strategy is for providing benefits to employees in 2024.
- The committee performed a deep dive into the HRIP (Human Resources Integrated Plan), which is the first step to address short- and long-term workforce planning needs and to identify gaps in current workforce planning programs.
- Finally, the committee discussed the CEO mid-year competencies and Strategic Objective Review Process.

Board Member Henjum thanked Mr. Mike Francolino, Chief Customer & Enterprise Services Officer, for updating the website so materials are more accessible for constituents and Mr. Gabe Caunt, Engineer Supervisor, for helping a constituent understand solar. She also provided the following updates from the August Finance Committee:

- The committee discussed ECA/GCA cost adjustments; the 2024 budget and rate case, the UPAC assignment on the cost recovery; and Drake decommissioning.
- The committee agreed to take a step back on the UPAC assignment and take a deeper look at some of the details but approved a timeline for the UPAC cost recovery assignment moving forward.
- Staff will be leading an industry workshop this fall and a formal UPAC recommendation will be coming to the Utilities Board in early 2024.

Vice Chair Avila thanked Board Member Helms for chairing the August Personnel Committee meeting and provided a staffing update at City Hall.

Board Member Michelle Talarico provided the following updates from the August Program Management Review (PMR) Committee:

- The committee had a robust discussion about fiber, 2C Infrastructure Coordination with the City projects, the natural gas safety program and the Sustainable Energy Portfolio.
- Utilities Board Members toured the proposed route of the Kelker to South Plant transmission line prior to the meeting and heard directly from project managers about the project. She said the next tour is on Nov. 8, 2023.

Board Member Risley provided the following updates from the August Strategic Planning Committee meeting:

- The committee reviewed and discussed the purpose of the Strategic Planning Committee.

- The committee agreed to revise the Water Ordinance as well as Chapter 7 of the City Charter.

Chair Donelson echoed Board Member Talarico's comments about the Kelker to South Plant tour and explained the costs and tenants regarding excess fiber in Colorado Springs.

## **12. Summary of Board Actions**

The appointment of Scott Smith as a regular member of the Utilities Policy Advisory Committee (UPAC) was unanimously approved.

The appointment of David Watson as an alternate member of the Utilities Policy Advisory Committee (UPAC) was unanimously approved.

The Utilities Board gave a head nod for the 2024 preliminary budget and rate case to go on consent at the Sep. 12, 2023, City Council meeting.

## **13. Adjournment**

The meeting adjourned at 2:46 p.m.